

Report: Reputation risk management on the rise

With critics able to transmit their opinions and complaints across the Internet in a matter of seconds, the number of companies investing substantial resources to safeguard their reputation as part of their overall risk management is on the rise, according to a new report from The Conference Board.

The report defines "reputation" as how a company is perceived by each of its stakeholder groups, and "reputation risk" as the risk that an event will negatively influence stakeholder perceptions.

"Although reputation is the quintessential intangible asset, a strong corporate reputation yields concrete benefits — higher

market value, stronger sales, and an increased ability to hire the best and the brightest," said Ellen Hexter, director, Enterprise Risk Management at The Conference Board, and co-author of the report along with Sandy Bayer, president of Bayer Consulting.

More than three quarters (82%) of the survey respondents said their companies are making a substantial effort to manage reputation risk, and they have increased focus in this area over the last three years (81%). Other key findings include:

- Assessing reputation risks is a top challenge. Fifty-nine percent of executives surveyed indicated that assessing the perceptions and concerns of stakeholders was an extremely or very significant issue.

- Media monitoring has become more sophisticated. Today, there are tools to assess whether coverage is positive, neutral or negative; the credibility of publications; the prominence of coverage, etc.

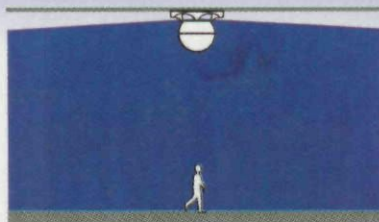
- Social media platforms are gaining influence, but most companies are ignoring them. Although consumers and investors are increasingly gathering information from blogs, online forums and social-networking sites, only 34% of the survey respondents said they extensively monitor such sites, and only 10% actively participated in them.

The findings spurred the The Conference Board Research Working Group to make a number of recommendations, including that companies actively involve boards of directors in reputation risk management, demonstrate to leaders and management teams in business units the impact of their actions on reputation, integrate reputation, and use and nurture employees as corporate ambassadors.

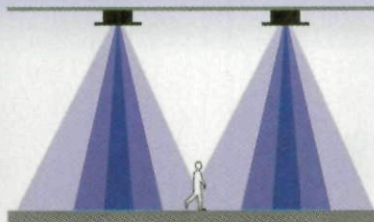
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